BRITISH COLUMBIA

BC STATS

Ministry of Management Services

Infoline

Contact: bcstats.infoline@gems6.gov.bc.ca

Issue: 04-07 February 20, 2004

- **Inflation drops to 1.5% in January**
- **Employment standards complaints fall 43.3% in 2003**
- **Business bankruptcy down 9.3% in 2003**

Prices

- **BC's inflation rate in January slipped to its lowest level in exactly two years**. The consumer price index was up by a modest 1.5% in January, compared to the same month in 2003. The 12-month increase in food prices (+1.6%) was modest compared to food price inflation in December (+2.2%). Inflation also moderated in energy prices, shelter costs, transportation, and health and personal care. Prices for clothing and footwear declined in January (-1.0%).

  Inflation in Vancouver was 1.3% in January – down 0.5 percentage points from December. In Victoria, inflation was also lower (1.6%, down 0.3 percentage points). *Data Source: Statistics Canada*

- **Despite the drop in BC's inflation rate, January was the first time in nearly two years that inflation in BC (1.5%) was higher than the national average (1.2%)**. National inflation dropped sharply in January, down from 2.0% in December. Much of this was due to economic conditions in Ontario, which saw inflation fall from 3.0% in December to 1.5% in January. *Data Source: Statistics Canada*

The Economy

- **There were 9,394 consumer bankruptcies in BC during 2003, inching down 1.4% from the year before**. Bankruptcies in BC have risen substantially over the last 12 years. In the first half of the 1990s, consumer bankruptcies averaged roughly 4,500 per year. Beginning in 1996, bankruptcies increased sharply. Over the last 4 years, consumer bankruptcies have averaged 9,400 per year – up 109% from the early 1990s. BC accounted for 11% of national consumer bankruptcies in 2003, up from 7% in 1991.

  Data Source: Industry Canada

- **There were 1,002 business bankruptcies in BC in 2003, down 9.3% from the previous year**. The construction industry accounted for the most business bankruptcies last year (19%), followed by retail trade (13%) and manufacturing (10%).

  Business bankruptcies dropped in every province except Saskatchewan (+11.8%) and Nova Scotia (unchanged) in 2003. For the country as a whole, bankruptcies were down 6.6%.

  Data Source: Industry Canada

Employment Standards

- **Complaints registered at the BC Employment Standards Branch dropped sharply in 2003**. There were 4,920 complaints last year, down 43.3% from 2002.

  A new complaints process was introduced in July 2002, designed to scale back government involvement in employment disputes. Complaints dropped from an average of 1,090 per month between January and June, to 355 per month between July and December. During 2003, complaints averaged 410 per month – 62.4% below the first half of 2002.

  Data Source: Ministry of Skills Development and Labour

- **The Employment Standards Branch collected $7.7 million in unpaid wages on behalf of BC workers in 2003**. This is 42.7% below the $13.2 million that the Branch collected in fiscal 2001-02. *Data Source: Ministry of Skills Development and Labour*

Liquor Distribution

- **Liquor sales in BC topped $2.4 billion in 2003, up 6.6% from the year before**. Sales were up for all product types. Sales of wine (+9.4%) showed the strongest growth, while coolers (+1.3%) saw minimal increases. Beer made up nearly half (44%) of all sales in 2003, while wine (24%) and spirits (27%) each made up about one-quarter. *Data Source: BC Liquor Distribution Branch*

Report The Lows of High Tech Trade

Did you know...

UFO activity reached a record high in BC last year. There were 304 UFO sightings in BC—up 73% from the previous year. BC accounted for nearly half (45%) of all UFO sightings in the country. Two British Columbians reported being abducted by aliens in 2003.

- **Vancouver has some of the highest alcohol prices in Canada**. Statistics Canada's inter-city price index compares the cost of consumer goods - including alcohol - in 11 major cities in the country. The index is constructed once a year, most recently for the month of October 2002. After-tax alcohol prices in Vancouver were 4% above the combined 11-city average. Only the east coast cities of St John's and Halifax had higher alcohol prices (5% above average).

  In Edmonton, prices were 2% below the Canadian city average, or 6% below Vancouver. However, Alberta does not charge sales taxes—which in BC are 10% on liquor purchases. This suggests that before-tax alcohol prices were lower in Vancouver than Edmonton. The lowest alcohol prices are in Winnipeg (16% below average) and Regina (6% below average).

  Data Source: Statistics Canada

Registered Vehicles

- **Eleven percent of registered cars and trucks (SUVs, vans, etc) in BC are more than 18 years old—almost double the national proportion**. For Canada as a whole, only 6% of registered cars and trucks are pre-1986 models. The highest proportion of older vehicles is in Saskatchewan (16%), while Newfoundland and Labrador (2%) has the lowest. Older vehicles tend to have higher emissions and lower fuel economy—contributing disproportionately to air pollution. *Data Source: SC, Catelogue no. 53F0004*

Co-operatives

- **There were 418 non-financial co-operatives in BC in 2001**. Together, these organizations had 1.8 million members, 4,321 employees, and $1.1 billion in sales.

  The most common type of co-operative is a housing co-op—which accounts for two-thirds of such organizations in BC. Consumer co-ops, however, have the vast majority of memberships (97%). One consumer co-op—the Mountain Equipment Co-op (MEC)—alone has over 1.6 million members and nearly 1,000 employees. Consumer co-ops also generate 53% of co-op sales in BC.

  Across the country, non-financial cooperatives are most prominent in Quebec. Roughly one-third of Canada's 5,678 co-ops are located in that province. Quebec also has 32,330 co-op employees—37% of the national total and 7.5 times as many as in BC. This is partly due to the relative popularity of worker co-ops. There are only 5 worker co-ops in BC, and 168 in Quebec. *Data Source: Co-operatives Secretariat*

- **BC's credit union system, with $25.1 billion in assets in 2001, is the largest in English-speaking Canada**. Credit union assets in BC are 51% greater than in Ontario ($12.9 billion), and 237% greater than in Alberta ($7.5 billion). Only Quebec, with its powerful network of caisses populaires, outweighs BC ($60.3 billion in assets). *Data Source: Co-operatives Secretariat*

The Nation

- **New foreign investment in Canadian securities (stocks, bonds, and money market instruments) amounted to $15.2 billion in 2003, down 28% from 2002**. The declining inflow of investment into Canada was related to the stronger Canadian dollar.

  Canadian investment in foreign securities—an outflow of investment—also dropped in 2003. New Canadian investment abroad was $12.5 billion in 2003, 50% less than in the previous year.

  As a result, the balance of investment flows turned in Canada's favour. In 2002, there was a net outflow of investment of $3.9 billion. In 2003, there was a net *inflow* of $2.6 billion.

  Data Source: Statistics Canada

- **The index of leading economic indicators rose 0.6% (*seasonally adjusted*) in January, slightly less than in December (+0.8%)**. Six of the ten indicators in the index were up, led by the stock market price index (+2.6%). The money supply (-0.3%) and other durable goods sales (-0.6%) posted modest declines, while employment in business and personal services fell 2.5%.

  Data Source: Statistics Canada

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Infoline Report

Issue: 04-07
February 20, 2004

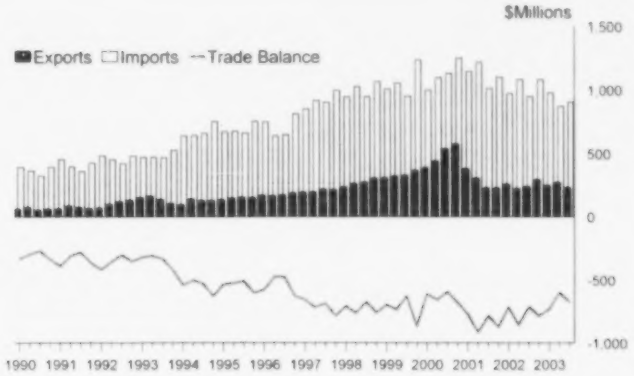
Contact: Dan Schrier (250) 387-0376
Originally published in *Exports*, Issue 03-11. Annual Subscription $60 +GST

The Lows of High Tech Trade

Since 2000, BC's trade in high tech commodities has been slipping

Since reaching a peak in 2000, British Columbia's international trade in high technology commodities has experienced a significant decline. The flood of dotcom failures in 2001 and the general malaise experienced by high tech industries was reflected in BC's high tech trade, particularly BC exports of high tech goods. The bursting high tech bubble, combined with a rising Canadian dollar and a general decline in BC exports overall, has contributed to a 38% drop in the value of high tech exports from the third quarter 2000 to the same period in 2003. Most of the fall occurred early in 2001 and exports have been relatively flat since, occasionally showing signs of recovery in one quarter, only to slip back in the next. The value of high tech exports in the third quarter of 2003 was the lowest since the first quarter of 1997.

After peaking at the end of 2000, trade in high tech commodities has slowed considerably



BC's high tech exports dropped sharply in 2001 before levelling off

Imports of high tech goods into BC have also declined

Imports of high technology goods into British Columbia have also slowed, although more gradually than exports. As a result, the deficit in the balance of trade in high tech goods (i.e., exports minus imports) jumped significantly in 2001 before slipping back down over the last couple of years. Nevertheless, in the third quarter of 2003, British Columbia had a $675 million deficit in trade in high tech commodities.

The high tech sector has developed into an important component of the British Columbia economy, accounting for just under three percent of total BC gross domestic product in 2002. The domestic market for high technology goods does not have sufficient volume

to achieve the economies of scale necessary to remain competitive, which makes access to international markets critically important. Accordingly, the falling value of high tech commodity exports is of some concern.

Some commodity groups are experiencing export growth

The high technology commodity definition used by BC Stats is based on the United States Bureau of the Census' Advanced Technology Products (ATP) list.[1] From that list there are four major commodity groups that make up the bulk (90-95%) of BC high tech commodity exports. At the top of the list is Computers & Telecommunications (approximately 38% of high tech exports), followed by Life Sciences (33%), Aerospace (14%) and Computer Integrated Manufacturing (9%).

BC High Technology Exports by Commodity Group ($ Millions)

Advanced Technology Product	Q1-Q3 2002	Q1-Q3 2003	% Change
Computers & Telecommunications	182.2	171.5	-5.9
Life Sciences	124.2	156.4	26.0
Aerospace	76.8	67.2	-12.5
Computer Integrated Manufacturing	33.2	44.6	34.0
Opto-Electronics	64.0	21.1	-67.0
Electronics	3.7	2.9	-21.0
Weapons & Nuclear	3.4	1.7	-2.5
Biotechnology	1.1	0.9	-66.8
Material Design	2.8	0.2	-88.3
Total	491.4	467.8	-4.8

Although high tech exports from BC have been falling overall, shipments of some goods have experienced significant growth

The life sciences group, which basically comprises scientific advances to medical sciences, has experienced the most rapid growth over the last few years with the value of exports almost doubling between 2001 and 2002. The increase was concentrated in certain types of medical equipment, particularly specific varieties of electro-diagnostic apparatus, mechano-therapy appliances and psychological aptitude-testing apparatus. Data for the first three quarters of 2003 indicate that this strong growth is continuing.

At the other extreme, commodities in the material design category have plummeted from a peak of $178.6 million in 2000 to only $3.2 million in 2002. The erratic growth patterns exhibited by this commodity group are due to one-time sales of optical fibres and

[1] For more information on ATP commodity groups, see Appendix B of *Profile of the British Columbia High Technology Sector—2003 Edition* available online at: http://www.bcstats.gov.bc.ca/data/bus_stat/busind/hi_tech/HTP2003.pdf

optical fibre bundles and cables. Over the first three quarters of 2003, exports of goods in the material design group were only a fraction of the value shipped over the same period in 2002.

The US is the primary destination for BC high tech exports

Over 80% of British Columbia's international shipments of high technology goods are destined for the United States. This is a far greater proportion than overall commodity exports, of which only 68% was shipped to the US in 2002. The sluggish economy experienced by the United States over the last couple of years is likely part of the reason for the decline in BC's high tech exports.

BC High Technology Exports by Destination ($ Millions)

Destination Country	Q1-Q3 2002	Q1-Q3 2003	% Change
United States	401.9	373.8	-7.0
Pacific Rim	39.5	29.8	-24.5
European Union	36.0	36.9	2.3
Rest of the World	14.0	27.3	94.5
Total	491.4	467.8	-4.8

The United States is by far the most significant destination for high tech goods shipped from BC

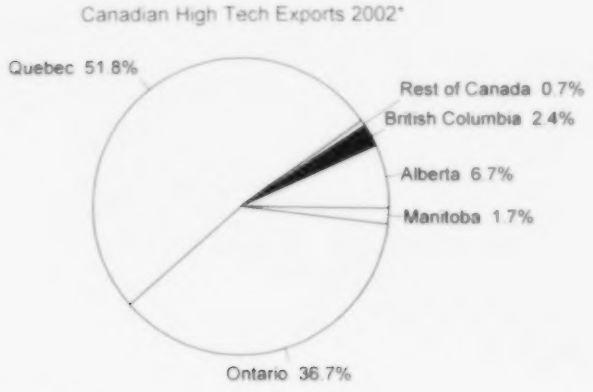
Over the first three quarters of 2003 BC's high tech exports to the US have continued to drop, falling 7% compared to the same period a year earlier. Exports to the Pacific Rim (which includes Japan) have also fallen significantly (-25%). A modest increase in exports to the European Union (+2%) and a near doubling of exports to the rest of the world (+95%) has only partially offset the decline in exports to the US and the Pacific Rim.

BC ranks fourth in the country in exports of high tech goods

With domestic exports totalling $684.6 million in 2002, high technology represents a significant portion of BC's international trade. However, British Columbia's share of total Canadian high tech exports is relatively small, measuring only 2.4% in 2002, ranking it fourth in the country. Quebec is the top province in terms of international shipments of high tech goods, with over half (52%) of all Canadian high tech commodity exports originating in la belle province. Ontario, at 37%, is the source of the bulk of the remainder of Canadian high tech goods exports, followed by Alberta with 7%.

British Columbia is the source of only a small portion of total Canadian high tech exports

BC ranks fourth in the country in terms of value of high tech exports

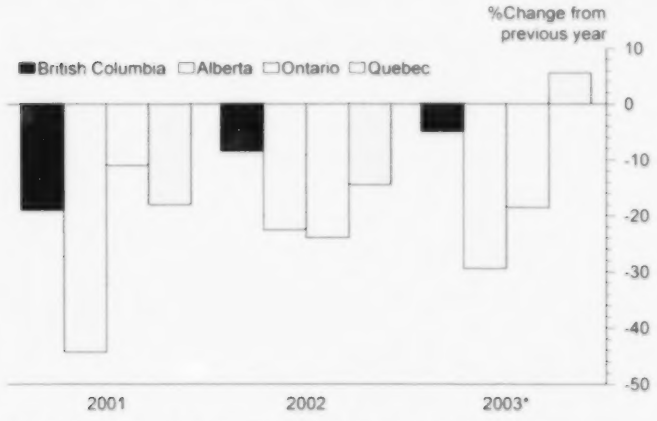


* Excluding re-exports

Similar to British Columbia, high tech exports from other provinces have also experienced significant slumps over the last couple of years. Quebec experienced back-to-back double-digit declines in 2001 (-18%) and 2002 (-14%), although over the first three quarters of 2003, exports from that province are up almost 6% compared to the same period in 2002. Ontario also saw two consecutive years of double-digit decreases (-11% in 2001 and -24% in 2002) and is on pace for another in 2003 (-18% over the first three quarters). Alberta has fared the worst of all, with high tech exports plummeting 44% in 2001, followed by a further 23% drop in 2002 and 2003 is looking no better with a 29% decline over the first three quarters.

High tech exports are down across the country

Exports of high technology goods have fallen in most provinces over the last couple of years



*Change from first three quarters compared to same period in 2002

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Based on the declining fortunes of BC's high tech exports, one might think that high tech in BC is on the decline; however, this is not necessarily the case. While the goods sector may be struggling at the moment, the service sector is booming. Although GDP in the high tech sector has posted declines for two years running, it was the poor performance of the goods sector causing the slump. Between 2000 and 2001, high tech manufacturing GDP fell 23%, followed by a further 16% drop in 2002. Meanwhile, the service sector experienced growth of 17% in 2001 and 5% in 2002. This pattern has continued through the first three quarters of 2003, with GDP in the goods sector almost flat (+0.8%, constant dollars, seasonally adjusted), while GDP in the services sector has jumped 15% compared to the first three quarters of 2002.[2] Although current data for exports of high tech services are not available, figures up to 2001 indicate that high tech service exports have been steadily increasing.

High technology is a quickly evolving sector that is almost certain to be of ongoing importance to the economy. The current slump in the goods sector is likely a cyclical event that will pass in time, whereupon the high tech sector in British Columbia should take off once more.

[2] See BC Stats' new quarterly publication, *High Tech Quarterly*, available online at: http://www.bcstats.gov.bc.ca/pubs/pr_htq

Statistics Canada's Survey Skills Workshops
Surveys From Start To Finish
3 Day Workshop – Kelowna, BC

If you conduct, use or commission survey research, then our intensive **Surveys From Start To Finish Workshop** is for you! This workshop will take you through the survey process step by step, with practical instruction on every stage of the procedure. Learn the elements of successful survey design from the experts.

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- Fundamentals of collecting data and maximizing response

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- Question structure – open and closed questions, multiple choice, checklist, ranking, rating
- Questionnaire design – how to avoid common pitfalls in wording, sequencing, and layout

Sampling Methods

- Sample types – simple random; systematic; stratified; cluster and multi-stage samples; area frames and exit surveys
- The factors affecting sample size

Processing and Analysis

- The ins and outs of processing and weighting survey data
- Summarizing, graphing, and presenting survey findings

Date & Location

March 9-11, 2004 8:30am – 4:30pm
Conference Centre
Ramada Lodge Hotel
2170 Harvey Avenue, Kelowna

Fees

Early Bird Rate: $699 + GST
(register two weeks before the workshop)
Regular Fee: $750 + GST
Ask about in-house options!

Refreshments will be served throughout the day.

Name: _____ Organization: _____

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Registrations are guaranteed once payment is received. **Fees will be refunded, less $75 administrative charge, if written notice is received at least one week prior to the workshop.** Substitutions are permitted at any time. Group rates are also available.

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February 20, 2004

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also on the Internet at www.bcstats.gov.bc.ca

BC at a glance . . .

POPULATION (thousands)	Oct 1/03	% change on one year ago
BC	4,158.6	0.8
Canada	31,714.6	0.8
GDP and INCOME		
(BC - at market prices)	2002	% change on one year ago
Gross Domestic Product (GDP) *($ millions)*	135,552	2.7
GDP *($ 1997 millions)*	128,151	2.4
GDP *($ 1997 per Capita)*	31,143	1.5
Personal Disposable Income *($ 1997 per Capita)*	19,576	0.1
TRADE ($ millions, seasonally adjusted)		% change on prev. month
Manufacturing Shipments - Dec	2,741	-2.3
Merchandise Exports - Dec	2,306	0.9
Retail Sales - Nov	3,414	0.2
CONSUMER PRICE INDEX		12-month avg
(all items - 1992=100)	Jan '04	% change
BC	120.8	2.0
Canada	122.9	2.5
LABOUR FORCE (thousands)		% change on
(seasonally adjusted)	Jan '04	prev. month
Labour Force - BC	2,236	0.6
Employed - BC	2,072	0.0
Unemployed - BC	163	8.1
		Dec '03
Unemployment Rate - BC *(percent)*	7.3	6.8
Unemployment Rate - Canada *(percent)*	7.4	7.4
INTEREST RATES (percent)	Feb 18/04	Feb 19/03
Prime Business Rate	4.25	4.50
Conventional Mortgages - 1 year	4.30	4.90
- 5 year	5.80	6.60
US/CANADA EXCHANGE RATE	Feb 18/04	Feb 19/03
(avg. noon spot rate) Cdn $	1.3180	1.5142
US $ *(reciprocal of the closing rate)*	0.7548	0.6610
AVERAGE WEEKLY WAGE RATE		% change on
(industrial aggregate - dollars)	Jan '04	one year ago
BC	676.81	-0.4
Canada	673.55	2.3

SOURCES:

Population, Gross Domestic Product, Trade, Prices, Labour Force, Wage Rate } Statistics Canada

Interest Rates, Exchange Rates: Bank of Canada Weekly Financial Statistics

For latest Weekly Financial Statistics see www.bankofcanada.ca

BC College and Institute Student Outcomes

The BC College and Institute Student Outcomes (CISO) Survey Project is an annual province-wide survey of former college, university college, and institute students. Since 1988, this survey has asked former students to evaluate their educational experiences and to talk about their employment outcomes, further education, and personal development. Survey findings provide a rich source of information for post-secondary institutions, the Ministry of Advanced Education, students, and the general public.

Visit the BC Student Outcomes website:

http://outcomes.bcstats.gov.bc.ca/

Released this week by BC STATS

- Consumer Price Index, January 2004
- Exports, December 2004

Next week

- Business Indicators, February 2004
- Current Statistics, February 2004
- Quarterly Regional Statistics, 4th Quarter 2003

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